

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Modification of Mail Classification Schedule  
Regarding First-Class Mail Single-Piece  
Residual Price Table

Docket No. MC2013-30

PUBLIC REPRESENTATIVE COMMENTS ON POSTAL SERVICE  
NOTICE OF MINOR CLASSIFICATION CHANGE CONCERNING  
FIRST-CLASS MAIL SINGLE-PIECE RESIDUAL PRICE TABLE

(January 17, 2013)

The Public Representative hereby provides comments pursuant to Order No. 1615.<sup>1</sup> In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of a minor change to the price table for a recently introduced price category, First-Class Mail single-piece residual machinable letters.<sup>2</sup> An attachment to the Notice, entitled Edits to Mail Classification Schedule [MCS], presents changes to the price table. *Id.*, Attachment.

First-Class Mail Presorted Letters (and cards) weighing up to two ounces pay the same price. As part of its notice of price adjustments for market dominant products, the Postal Service introduced the new single-piece residual machinable letters category and associated price table, entitled Single-Piece Residual Machinable Letters.<sup>3</sup> The price table establishes a 48-cent price for one-ounce and two-ounce letters that do not qualify for a presort mailing. Currently, such “residual” letters must be separated into one- and two-ounce groups and pay the single-piece First-Class Mail price for each ounce. Effective January 27, 2013, the 48-cent price for one-ounce and two-ounce residual

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<sup>1</sup> PRC Order No. 1615, Notice and Order Concerning Minor Classification Change Related to First-Class Mail Single-Piece Residual Price Table, January 10, 2013.

<sup>2</sup> Notice of the United States Postal Service of Minor Classification Changes Related to First-Class Mail Single-Piece Residual Price Table, January 8, 2013, at 1 (Notice).

<sup>3</sup> United States Postal Service Notice of Market-Dominant Price Adjustment, Docket No. R2013-1, October 11, 2012, at 15 – 16.

letters creates a complimentary price schedule to the presort price schedule so that mailers will pay only one price for a mixed mailing of such residual letters. Notice at 1.

The Postal Service proposes to amend the MCS to clarify that the 48-cent price is applicable only to mixed mailings of one-ounce and two-ounce residual letters. *Id.* at 2. The proposed changes include the addition of “Mixed” as the first word in the name of the price table and a new footnote stating that residual mailings for which one-ounce residual letters are separated from two-ounce residual letters will pay the single-piece First-Class Mail prices. *Id.*, Attachment. The Postal Service asks that the Commission incorporate these changes into the MCS. *Id.* at 2.

## COMMENTS

The Public Representative recommends Commission approval of the Postal Service’s proposed changes to the MCS for single-piece residual letters. The Public Representative considers the Postal Service’s proposed changes to be consistent with 39 C.F.R. §§ 3020.90 and 3020.91 given that the changes do not appear likely to affect the cost or market characteristics of the First-Class Mail Presorted Letters/Cards product. Nevertheless, the Public Representative has some doubt that the proposed changes will eliminate the incentive of mailers to increase the volume of two-ounce letters qualifying for the 48-cent price.

Although prices for single-piece residual machinable letters are not in effect, it appears the Postal Service maybe receiving, or is fielding inquiries about the entry of, residual mailings consisting of only two-ounce letters. *Id.* at 1. The Postal Service’s proposed changes will preclude such residual mailings from paying the 48-cent price. That said, mailers presenting residual mailings that consist of two-ounce letters and a single one-ounce letter would continue to pay only 48-cents for their two-ounce letters.

In establishing a uniform 48-cent price for both one-ounce and two-ounce letters, the Postal Service assumes that residual mailings will consist “mostly [of] one-ounce pieces (which would otherwise pay 46 cents), mixed with some two-ounce pieces (which would otherwise pay 66 cents).” *Id.* at 2. This 18-cent (\$0.66 less \$0.48) decrease in price provides mailers ample incentive to alter the mix of their residual

mailings and increase the volume of the residual letters that consist predominantly of two-ounce letters. To the extent mailers are able to do so, the changes proposed for single-piece residual machinable letters will not preclude increasing volumes of two-ounce residual letters from paying the 48-cent price, thereby increasing revenue loss to the Postal Service overtime.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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